

House Bill Analysis

Proposed Striking Amendment to ESSB 6090

by Representative Sommers

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**Office of Program Research
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2005-07 Biennial Balance Sheet
Including Proposed 2005 Supplemental Budget
General Fund-State
Dollars in Millions

	2005-07
RESOURCES	
Beginning Fund Balance	618.9
November 2004 Forecast	24,721.8
Non-Economic Change (Estate and Agrilink)	(274.8)
March 2005 Forecast Update	438.3
Current Revenue Totals	24,885.3
Money Transfers from Other Funds	469.6
Budget Driven Revenue	31.1
Tax Measures	82.2
Statutory Clarification & Collection Measures	104.6
Other Legislation Impacting Revenues	(13.6)
Total Resources (Includes Fund Balance)	26,178.1
APPROPRIATIONS AND SPENDING ESTIMATES	
Total Appropriation	25,969.7
UNRESTRICTED GENERAL FUND BALANCE	
Projected Ending Fund Balance	208.4

2005-2007 Supplemental Revenue Changes (dollars, in millions)

Title	2005-2007
Dedicated Revenue Measures	
Estate Tax Reinstatement (Higher Ed. Legacy Trust)	127.9
Cigarette Tax (Student Achievement Fund)	174.7
	302.6
Tax Measures	
Liquor Tax	24.9
Extended Warranties Sales Tax	24.7
Use Tax on Vehicles	17.1
Bad Debt Refund	15.5
	82.2
Statutory Clarification, Collection and Enforcement Measures	
REET Payment Move Up	47.7
Puyallup Tribe/Cigarette Tax	17.3
Hi Tech B&O Credit	17.0
Unclaimed Property	14.3
Disclosure of Information/Real Estate Excise	5.5
Vehicle Licensing	2.8
	104.6
Other Legislation Impacting Revenues	
Liquor Retail Plans	5.0
County Treasurer	0.1
Natural Disaster Property	(0.0)
Non-Profit Property Tax Exemption	(0.0)
Amphitheaters	(0.1)
Direct Mail	(0.3)
Non-Profit Boarding Homes	(0.3)
Parking & Business Improvements	(0.3)
Community Tech College/Interest on Capital Proj.	(0.4)
Renewable Energy	(0.5)
Aerospace B&O Credit for Property	(0.5)
Military Department Accounts	(0.9)
Precursor Drugs	(1.2)
Biodiesel	(1.3)
Ag Burning Exemption	(1.3)
Historic Auto Museum	(1.5)
Self Serve Laundry	(2.4)
Business and Prof Acct.	(7.7)
	(13.6)
Budget Driven Revenue	
Liquor Control Board Shipping Capacity	9.0
LCB Budget Revision	2.7
Liquor surcharge	19.4
	31.1

2005-2007 Fund Transfers

(dollars, in thousands)

<u>Fund Name</u>	<u>2005-07 Total</u>
Student Achievement	174,700
Health Services	109,000
PEBB	102,000
Reduce GFS back fill to Water Quality	26,400
Pollution Liability Insurance Program Trust	15,000
State Toxics Account	14,200
State Treasurer's Service Account	10,500
State Convention & Trade Center	10,300
Dept of Retirement Systems Expense	2,000
Litter Account	2,000
Flood Control Account	2,000
Financial Svcs Regulation Account	1,000
DNR Equipment Fund	1,000
Secretary of State Revolving Account	500
Reinvesting in Youth Account*	(997)
	<hr/>
	469,603

*Does not impact the expenditure limit per the language creating the account.

K-12 EDUCATION

INCREASES

Expand Learning Assistance Program (\$30.1 Million General Fund-State)

Allocations to districts for the Learning Assistance program will increase and will be based solely on poverty. School districts are encouraged to use the increased funding for high school summer remediation courses.

Initiative 728 Student Achievement Fund (\$138.2 Million Student Achievement Fund)

The allocations to school districts are increased from \$254 per student per year to \$300 per student per year in fiscal year 2006 and to \$375 per student per year in fiscal year 2007, increasing total Student Achievement Fund allocations to \$629 million for the 2005-07 Biennium.

Special Education Safety Net (\$54.4 Million General Fund-State)

Increased safety net funding is provided to replace the local maintenance of effort requirement to access special education safety net funds.

I-732 Salary Increases (\$139.0 Million General Fund-State)

Consistent with the provisions of Initiative 732, a 1.2% salary increase is provided for school district employees beginning September 1, 2005, and a 1.7% salary increase is provided beginning September 1, 2006.

Focused Assistance Expansion (\$2.0 Million General Fund-State)

The Focused Assistance Program will expand to include high schools and school districts. Amounts provided will be matched by a non-profit foundation.

K-12 Employee Health Benefits (\$129.1 Million General Fund-State)

The funding rate for K-12 employee benefits is increased from the current \$582.47 per employee per month to \$643.63 for the 2005-06 school year and to \$665.00 for the 2006-07 school year.

Education Finance Study (\$1.7 Million General Fund-State)

Funding is provided to the Office of Financial Management for the Education Finance Study.

Skills Center Incentive Grants (\$1.2 Million General Fund-State)

An incentive program is established to encourage school districts to provide students greater access to Skills Centers. Funding is provided for school districts enrolling students beyond the 2004-05 levels.

Reading Improvement and Diagnostic Assessments (\$1.5 Million General Fund-State)

The Superintendent of Public Instruction must provide curriculum and assessment reviews to districts, as well as training on implementing a reading assessment system. Beginning in the 2006-07 school year, grants are provided to districts to purchase and implement reading diagnostic assessments.

Washington Achievers Scholars (\$1.0 Million General Fund-State)

Funding is provided for the Washington Achievers Scholars Program to hire additional Community Involvement Officers, who recruit, train, support, and match Hometown Mentors with students in 16 high poverty, ethnically diverse high schools.

Early Reading Grants (\$520,000 General Fund-State)

Funding is provided for an early reading grant program for community-based initiatives that develop pre-reading and early reading skills through parental and community involvement, public awareness, and partnerships with local school districts.

REDUCTIONS/SAVINGS

Levy Equalization (\$34.0 Million General Fund-State Savings)

Levy equalization allocations to districts are reduced by 11.5 percent.

Reading Corps (\$7.4 Million General Fund-State Savings)

Funding for the Reading Corps is eliminated.

Readiness to Learn (\$7.2 Million General Fund-State Savings)

Funding for the Readiness to Learn Program is eliminated.

School Bus Depreciation (\$6.5 Million General Fund-State Savings)

The present method for reimbursing districts for school bus purchases can result in wide annual fluctuations in state payments to districts. To reduce these fluctuations, the school bus depreciation payments will be based on a five-year average of prices for each bus category.

HIGHER EDUCATION

ENROLLMENT CAPACITY

New Enrollment (\$93.8 Million Higher Education Legacy Trust)

Funding is provided to increase the enrollment capacity of colleges and universities by 9,950 slots. General enrollment slots at the 4-year schools are subsidized at a rate of \$6,303. A general fund subsidy of \$5,400 is assumed for the community and technical colleges.

Veterinary Medicine (\$1.5 Million Higher Education Legacy Trust)

Funding is provided to Washington State University to expand the size of its entering professional veterinary medicine class by 16 resident students each academic year during the 2005-07 biennium.

Adult Basic Education (\$5.0 Million Higher Education Legacy Trust)

Funding is provided to increase access to the Adult Basic Education program at the community and technical colleges.

FINANCIAL AID

State Need Grant (\$34.0 Million General Fund-State, Higher Education Legacy Trust)

Funding is provided to cover the impact of tuition increases and new state-funded enrollment. The current legislative policy of providing State Need Grants to resident undergraduate students from families with incomes up to 55 percent of the state median family income is maintained.

Foster Care Endowed Scholarship (\$0.2 Million General Fund-State)

Funding is provided to implement House Bill 1050, the foster care endowed scholarship program. The purpose of the program is to help foster care youth or former foster care youth attend an institution of higher education in the state of Washington.

Expanding Part-time Financial Aid (\$0.5 Million General Fund-State)

Funding is provided to implement House Bill 1345, part-time student financial aid. Part time financial aid is expanded to students taking four or five credits at Washington state public community and technical colleges.

COMPENSATION

I-732 COLA (\$10.9 Million General Fund-State)

Funding is provided for a cost-of-living adjustment at the consumer price index of 1.2 percent in FY 2006 and 1.7 percent in FY 2007 for eligible faculty and classified staff at the community and technical colleges.

Part-Time Faculty Equity Pay (\$4.5 Million Higher Education Legacy Trust)

Funding is provided to help provide salary equity for part-time instructors at the community and technical colleges.

Community College Faculty Increments (\$4.5 Million Higher Education Legacy Trust)

State funding and salary turnover savings authority are combined to help community and technical colleges fund increments to full-time faculty.

TUITION

This budget proposal assumes annual tuition increases of 5 percent per year for the community and technical colleges, 6 percent per year at the regional institutions, and 7 percent per year at the research universities. The tuition increases provide nearly \$66 million in new tuition revenue for the institutions to use to attract and retain high-quality faculty, expand research and provide additional educational opportunities for students.

FACILITY STEWARDSHIP

Building Maintenance to Capital (\$15.0 Million General Fund-State Savings)

Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or material is shifted to the Capital Budget. This sum will be replaced with non-bond capital funds. This is in addition to the \$53 million fund transfer that occurred in the 2003-05 biennial budget.

Plant Operations and Maintenance (\$7.2 Million Higher Education Legacy Trust)

Increased funding is provided for plant operations and maintenance to protect and prolong the life of public institutions of higher education.

OTHER

Burke Museum Outreach (\$0.7 Million General Fund-State)

Funding is provided to the Burke Museum to enhance the Museum's public outreach capabilities.

Learning and Brain Sciences (\$0.3 Million General Fund-State)

Funding is provided for the Institute for Learning and Brain Sciences (ILABS), to develop a partnership linking ILABS to policymakers, private sectors and user groups.

Labor Center Research (\$0.1 Million General Fund-State)

Funding is provided for research on labor and economic issues in Washington State through the Harry Bridges Center.

HEALTH CARE

INCREASES

Newborn Specialty Clinical Care (\$100,000 General Fund-State, \$462,000 General Fund-Private/Local, \$100,000 General Fund-Federal)

Additional funds are provided to support specialty clinical care for infants identified through expanded newborn screening.

Restore the Children's Health Program (\$12.9 Million General Fund-State, \$900,000 General Fund-Federal)

Effective January 2006, undocumented children in families with incomes below 100 percent of the federal poverty level will be eligible for health coverage through the Medical Assistance Administration. Funding is provided to enroll approximately 8,800 children in the program by the end of fiscal year 2007.

Immunization Program (\$168,000 Health Services Account)

Funding is provided for the Department of Health to offer parents and providers a choice between newly available combination vaccines and the single antigen equivalents.

Maintain Basic Health Plan Enrollment at 100,000 (\$44 Million Health Services Account)

Funding is increased to cover the cost of medical inflation so that the enrollment of the Basic Health Plan is maintained at \$100,000 for low-income Washington residents without reducing benefits or state subsidy levels.

Restore Annual Children's Medical Coverage (\$32.6 Million General Fund-State and Health Services Account, \$33.6 Million General Fund-Federal)

Children's eligibility for state medical assistance coverage will be reviewed annually, rather than every six months. Once eligible, a client will maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage.

Expand Kids Get Care Program (\$155,000 General Fund-State)

Funding is provided to increase access to health services provided through the "Kids Get Care" program operated by the Seattle-King County Health Department. The Department of Health will continue to collaborate with local health care agencies and providers to disseminate strategic interventions designed to improve health outcomes and save health care costs.

Eliminate Premiums for Children's Medical Coverage (\$8.8 Million General Fund-State and Health Services Account, \$9.2 Million General Fund-Federal)

The Department of Social and Health Services will continue to provide premium-free medical and dental coverage for children with family incomes between 150-200 percent of poverty, which is about \$1,900 to \$2,600 per month for a family of three.

Family Planning Pilot Program (\$300,000 General Fund-State)

A second family planning pilot covering Adams, Chelan, Douglas, Grant and Franklin counties will target low-income women who are not likely to qualify for Medicaid services through the Department of Social and Health Services. Approximately 500 additional people will be served with this funding.

Prescription Drug Purchasing Consortium (\$0.4 Million Health Services Account)

Funding is provided for the Health Care Authority to organize a prescription drug purchasing consortium that will include participation by state agencies and any private entity or individual that chooses to join. The consortium will utilize the combined purchasing power of participants to obtain discounted prices from prescription drug manufacturers.

Small Business Assistance Program (\$0.6 Million Health Services Account)

Funding is provided for the Small Business Assistance Program. Health care coverage will be offered to employees and dependents of small employers if the employer has not provided coverage for at least the previous six months. Employee premium subsidies will also be available through the Program.

Assistance to Family Practice Physicians in Rural Counties (\$1.7 Million General Fund-State, \$1.7 Million General Fund-Federal)

A portion of the vendor rate increase is targeted to assist family practice physicians providing maternity services in rural areas of the state. The labor and delivery reimbursement rate will be increased by \$294 in fiscal year 2006 and \$619 in fiscal year 2007 for these providers.

SAVINGS/REDUCTIONS

Review of Patients with High Medical Utilization (\$5.3 Million General Fund-State Savings, \$5.3 Million General Fund-Federal Savings)

Clients whose medical histories demonstrate a pattern of over-utilization and inappropriate use of medical services will be assigned to a single primary care physician, pharmacy, and other medical service provider from whom they may obtain services. It is anticipated that such an assignment will result in a decrease in emergency room and other medical service use.

Community Clinic Grants (\$5 Million Health Services Account)

Community clinic grants provided through the Health Care Authority are reduced by \$5 million during the 2005-07 biennium.

Additional Drug Cost Management (\$6.5 Million General Fund-State Savings, \$261,000 Health Services Account Savings, \$5.8 Million General Fund-Federal Savings)

The Medical Assistance Administration will achieve savings by establishing a preferred drug in approximately 30 additional therapeutic classes. In addition, the department will contract with a pharmacy benefits management firm to negotiate additional discounts with drug manufacturers.

Prescription Drug Co-Payment (\$8.2 Million General Fund-State Savings, \$6.8 Million General Fund-Federal Savings)

Beginning in January 2006, medical assistance recipients will pay \$3.00 per prescription filled. In accordance with federal law, the co-payment will not apply to children, pregnant women, or persons enrolled in managed care.

Co-Payments for Non-Emergency Transportation (\$5.4 Million General Fund-State Savings, \$5.4 Million General Fund-Federal Savings)

Beginning July 2005, all medical assistance recipients will pay \$1.00 per trip for transportation related to non-emergency medical services.

Medical Equipment and Supply Cost Management (\$6.8 Million General Fund-State Savings, \$6.8 Million general fund federal Savings)

The growth in expenditures on medical equipment and supplies is to be reduced by five percent in fiscal year 2006, and by 10 percent in fiscal year 2007. This is to be accomplished through strategies such as selective contracting, reducing rates to better reflect the best available price, and more stringent medical necessity reviews.

OTHER

Non-Medicaid Community Mental Health Services (\$70.0 Million General Fund-State)

Under new federal rules and policies, the state's community mental health system is no longer able to use savings achieved through Medicaid managed care for people and services that would not otherwise be eligible for Medicaid. Funding is provided to cover 85 percent of the lost federal funding. Two-thirds of "non-Medicaid" community mental health funding is expended on crisis and commitment, community hospitalization, and residential care for people with acute or chronic mental illness. The rest is spent on limited outpatient care, medications, and medication monitoring for over 25,000 children and adults, most of whom have very low incomes and serious mental impairments, but who cannot, or have not yet, qualified for Medicaid.

Expand Drug and Alcohol Treatment Services (\$18.8 Million General Fund-State)

\$18.8 million in state funds and \$10.5 million in federal funds are provided to more than double chemical dependency treatment services to Medicaid-enrolled disabled adults. In addition, \$5.0 in state funds and \$1.7 million in federal funds are provided to treat an additional 1,000 youth per year.

HUMAN SERVICES

INCREASES

Reform Child Protective Services/Child Welfare Services (\$14.3 Million General Fund-State)

Funding is provided funding for child welfare system improvements and service enhancements, including a new voluntary in-home child welfare service model.

Maintain Temporary Assistance for Needy Families (\$15.0 Million General Fund-State)

The House budget provides funding to continue activities for the temporary assistance for needy families program (TANF). This program provides cash grants to families with children and to pregnant women. This funding will help the state meet its requirement to maintain a specific level of funding.

Increase Child Care Subsidy (\$9.7 Million General Fund-State)

Family child care homes and child care centers will receive an additional \$9.7 million for rate increases to subsidized child care paid by the State for low-income and at-risk families through the Working Connections Child Care program. This funding will facilitate child care access and quality.

Flexible Family Support Funding for Families Caring for Individuals with Developmental Disabilities (\$2.9 Million General Fund-State)

The House budget provides funding to families who are providing care and support for family members with developmental disabilities in the home and who are not currently receiving services. One-time and renewable awards will be provided to approximately 1,500 families, who are currently not receiving services, to purchase support services such as respite care, training and counseling, assistive technologies, transition services, and assistance with extraordinary household expenses.

Increase Community Residential Supports for Individuals with Developmental Disabilities (\$4.3 Million General Fund-State, \$4.7 Million General Fund-Federal)

Funding is provided for community residential placements and support services for up to 80 clients, including 35 placements for individuals needing community protection placements and an additional 45 other community placements. Priority for the placements will include clients without residential services who are in crisis or immediate risk of needing an out-of-home placement, children aging out of other state services, and current waiver clients who need additional services.

Expand Employment and Day Services (\$2.8 Million General Fund-State, \$1.2 Million General Fund-Federal)

An additional 600 individuals with developmental disabilities will receive employment and day program opportunities in the 2005-07 biennium. Funding is provided for both clients receiving federal Medicaid waiver services and for non-waiver clients. Funds are prioritized for young adults graduating from high school.

Nursing Facility Rates (\$4.5 Million General Fund-State, \$4.4 Million General Fund-Federal)

Nursing home rates are modified by eliminating the case-mix corridor floor and 85 percent minimum occupancy standards for direct care payments. With these changes, the weighted average nursing facility payment is expected to be \$150.55 per patient day in FY 2006 and \$153.17 per patient-day in FY 2007, an average annual increase of 2.5 percent from FY 2005 projected rates.

Personal Needs Allowance (\$1.4 Million General Fund-State, \$1.3 Million General Fund-Federal, \$12,000 General Fund-Local)

Funding is provided to increase the personal needs allowance from \$41.62 per month to \$51.62 per month, for an average of 12,200 publicly-funded clients residing in institutional settings, including clients residing in nursing facilities, residential habilitation centers, and state mental hospitals.

Mental Health Transitional Foster Care Model (\$1.1 Million General Fund-State)

The House budget provides funding to implement an evidence-based model under which children with intensive mental health needs will be served in foster homes that receive special funding, training, and support. The model will serve 18 children per month, with foster homes clustered in three geographic areas in the state that presently have few or no other children's long-term treatment options.

Enhanced Limited English Proficiency Services (\$1.5 Million General Fund-State)

The House budget includes funding to increase services provided to individuals with limited English proficiency (LEP). Services provided include English as a second language (ESL) instruction, as well as other assistance to individuals to help them become more independent.

Implement Residential Habilitation Center Efficiencies (\$1.7 Million General Fund-State Savings, \$1.6 Million General Fund-Federal)

A reduction in the number of staff and funding for state-owned residential habilitation centers will be achieved by aligning staffing levels more closely with occupancy and minimum national standards and federal requirements.

Increase Naturalization Services (\$1 Million General Fund-State)

Funds are provided in the House budget for increased naturalization services to assist individuals eligible to become citizens of the United States.

Problem Gambling Treatment (\$1.5 Million Problem Gambling Treatment Account-State)

The House budget includes funding for House Bill 1031 (problem gambling) to reinstate the popular problem gambling treatment program piloted in the 2001-03 biennium.

Senior Farmer's Market Nutrition Program (\$682,000 General Fund-State)

Funding is provided to Area Agencies on Aging (AAAs) to allow low-income seniors to continue to shop at farmers markets.

New Automated Caseworker Information System (\$5.3 Million General Fund-State)

The House budget includes funding for the design, development, and initial implementation of a new statewide automated caseworker information system (SACWIS) to replace the existing case and management information system (CAMIS). The aging CAMIS system is expensive to maintain and is experiencing data deterioration. A new system will improve reporting capabilities critical to effective performance management and accountability efforts and will increase caseworker time available for direct interaction with children and families.

Kinship Navigators (\$300,00 General Fund-State)

Funding is provided for Area Agencies on Aging (AAAs), or entities with which AAAs contract, to provide kinship navigators for grandparents and other kinship caregivers of children in both western and eastern Washington. Kinship navigator services shall include but not be limited to assisting kinship caregivers with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services.

Vendor Rate Increase (\$69.5 Million General Fund-State, \$58 Million Other Funds)

Providers that contract with the state for various public safety, health, and human services will receive an inflationary adjustment of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. These increases include, but are not limited to community residential care facilities, home care agencies, substance abuse treatment providers, foster care, regional support networks, physician services, hospitals, child care, and many others. In addition to the funding provided through this vendor rate increase, certain targeted providers will also receive additional rate increases beyond the amounts described here, including but not limited to home care agencies, family practice physicians in rural areas, and hospitals.

Standardize Supportive Living Provider Rates (\$2.0 Million General Fund-State, \$2.0 Million General Fund-Federal)

Funding is provided to raise administrative rates for supportive living agency providers who are currently being paid less than the standardized administrative rate. Agency providers who are paid more than the standard are held at their current rates. This funding is in addition to the provider vendor rate increase.

Agency Home Care Worker Parity (\$4.9 Million General Fund-State, \$4.9 Million General Fund-Federal)

Direct care workers employed by agency providers of home care services will be provided wage increases comparable to those provided to individual home care workers.

Home Care Worker Collective Bargaining Agreement (\$31.3 Million General Fund-State, \$30.5 Million General Fund-Federal)

The state contracts with agency and individual home care workers to provide long-term care services for elderly and disabled clients who are eligible for publicly funded services through the Department of Social and Health Services' (DSHS) Aging and Adult Services and Developmental Disabilities programs. In 2001, Initiative 775 provided individual home care workers with collective bargaining rights under the Public Employees' Collective Bargaining Act. Funding is provided to implement the compensation-related provisions of the collective bargaining agreement between the Governor and the exclusive bargaining representative of individual providers of home care services. The new contract provides wage increases for individual providers from \$8.93 per hour to \$9.20 per hour in FY 2006, and to an average of \$9.45 per hour in FY 2007; Contributions averaging \$506 per eligible worker per month for health care, vision, and dental benefits; annual leave benefits; and state withholding of income taxes are also provided.

SAVINGS/REDUCTIONS

Savings in the General Assistance Unemployable Program (\$18.0 Million General Fund-State)

The House budget anticipates savings in the General Assistance Unemployable (GA-U) program through proactive strategies to improve the outcomes for GA-U clients. These strategies include: (1) increased naturalization efforts to reduce the number of aged clients who no longer qualify for SSI; (2) facilitate more clients to obtain social security and veterans' benefits; (3) provide a transitional medication benefit for clients who are able to work but need medication to do so and are not yet eligible for a employer-sponsored health plan; and (4) connect clients with managed care demonstration projects and other services to improve their health outcomes and employability.

Increased Estate Recoveries (\$4.8 Million General Fund-State, \$4.8 Million General Fund-Federal)

The Department of Social and Health Services must increase efforts to recover the cost of publicly-funded care from the estates of deceased Medicaid recipients. Specific changes include earlier initiation of probate proceedings, improved notification of a client's death, and the statutory authority to place liens on the property of clients who are unlikely to be discharged from care or return home.

Reduce Area Agency on Aging Funding (\$2.8 Million General Fund-State, \$2.8 Million General Fund-Federal)

State funding for Area Agencies on Aging (AAAs) is reduced by approximately 7.5 percent.

Eliminate Funding for Secure Crisis Residential Facilities (\$9.3 Million General Fund-State Savings)

Funding is eliminated for 66 secure crisis residential beds throughout the state. The low utilization rate of this resource makes it an expensive and inefficient resource. Funding remains for 52 regional crisis residential beds also located throughout the state.

PUBLIC SAFETY

INCREASES

State Patrol Crime Lab Staffing (\$4.6 Million General Fund-State, \$1.3 Million Other Funds)

Funding is provided for additional forensic scientists and related staff and supplies to reduce turnaround times and avoid backlogs in crime scene and DNA analysis provided to local law enforcement. The new scientists and staff will be added to the existing crime labs in Marysville, Tacoma, and Seattle; to the newly expanded crime lab in Spokane; and to the new crime lab in Vancouver.

Offender-Based Tracking System Replacement - Phase 3 (\$22.5 Million General Fund-State)

The Offender-Based Tracking System (OBTS) is the primary information system used by the Department of Corrections to track and manage offenders both in prisons and in the community. The system supports over 6,000 users who supervise roughly 17,000 incarcerated offenders and 28,000 offenders in the community. Funding is provided for the third phase of the project to replace the OBTS with the new Offender Management Network Information (OMNI) system, which is expected to reduce data entry time for Community Corrections Officers and improve reporting requirements.

Small Police Agencies Task Force (\$100,000 Public Safety and Education Account-State)

Funding is provided to support the Coalition of Small Police Agencies Major Crimes Task Force, which will pool its resources and establish an efficient and cooperative approach in addressing major violent crimes.

Interstate Compact for Adult Offender Supervision (\$822,000 General Fund-State)

Funding is provided for the implementation of Substitute House Bill 1402, which would bring the state into compliance with the Interstate Compact on Adult Offender Supervision by authorizing the Department of Corrections to supervise nonfelony offenders transferring to Washington under the Compact. By participating in the Compact, offenders who move to another member state would still be subject to community supervision. In exchange, Washington receives notification of out-of-state offenders who need supervision and move into the state. It is assumed that about 200 out-of-state misdemeanants will need to be supervised by the Department during the 2005-07 biennium.

Reinvesting in Youth Program (\$997,000 Reinvesting in Youth Account)

Funding is provided to establish a Reinvesting in Youth Pilot Program that awards grants to counties for implementing research-based early intervention services that target juvenile-justice involved youth and reduce crime.

Identity Theft (\$591,000 General Fund-State)

Funding is provided for the implementation of HB 1966 (identity theft), which adds identity theft in the first and second degree to the list of designated "crimes against persons" in the Sentencing Reform Act, thus making such crimes subject to community custody and ineligible for 50 percent earned release.

SAVINGS/REDUCTIONS

Sentencing and Policy Legislation (\$35.1 Million General Fund-State)

Savings are achieved through the implementation of sentencing and policy legislation, including House Bill 1136 (electronic monitoring system), House Bill 2015 (drug offender sentencing), House Bill 2016 (drug offender confinement), House Bill 2200 (earned release time), and House Bill 2282 (transporting offender property). House Bill 1136, as amended by the Senate, would create a one-year pilot project using electronic monitoring in lieu of jail or prison sanction time for up to 100 low-risk offenders who violate the terms of their community supervision. House Bill 2015 would establish a community-based Drug Offender Sentencing Alternative in which nonviolent offenders with substance abuse addictions could be sentenced to community custody along with supervised inpatient and outpatient treatment. House Bill 2016 would expand the definition of partial confinement to include residential chemical dependency treatment and allow the last 12 months of an offender's sentence to be converted to partial confinement. House Bill 2200 would authorize the Department of Corrections (DOC) to grant up to an additional 30 days of earned early release credit to offenders participating in Department of Natural Resources work crews. program. House Bill 2282 would authorize DOC to determine the types and amounts of offender property that the department will transport between institutions or to other jurisdictions at the agency's expense.

Delay Opening of New Units at State Penitentiary (\$7.4 Million General Fund-State)

One-time savings are assumed by delaying the move of 892 offenders for four months into units currently under construction at the Washington State Penitentiary in Walla Walla. Inmates will occupy the units in the beginning of the 2007-09 biennium, rather than in April of 2007, and would either remain in current penitentiary housing or in out-of-state rental beds. Construction delays have already occurred at this site.

Misdemeanant Supervision (\$3 Million General Fund-State)

Legislation enacted in 2003 relieved the Department of Corrections of supervisory responsibilities for certain low- to moderate-risk felons, but did not change statutory requirements to supervise misdemeanants sentenced in Superior Court. Substitute Senate Bill 5256 (misdemeanors) applies the same supervision criteria to offenders convicted of misdemeanors and gross misdemeanors as are currently applied to persons convicted of felonies.

EMPLOYEE COMPENSATION

INCREASES

Increases in Salaries for Represented Employees (\$107 Million General Fund-State)

Funding is provided to employees participating in collective bargaining for cost of living adjustments and other increases as provided in the agreements reached between their representatives and the Governor's Office of Labor Relations. The terms of the contracts vary, but most include cost-of-living adjustments of 3.2 percent on July 1, 2005 and 1.6 percent on July 1, 2006. The contracts also call for increases for job classifications identified as being compensated at a level more than 25 percent below the benchmark rate as determined by the 2002 Department of Personnel Salary Survey.

Increase Salaries for Non-Represented Employees (\$98.9 Million, General Fund-State)

Non-represented general government and higher education employee salaries are increased. During FY 2006, non-represented employee salaries will be increased by 3.2 percent, effective July 1, 2005 for higher education employees, and effective September 1, 2005 for general government employees. During FY 2007, non-represented employee salaries will be increased by 1.6 percent, effective July 1, 2006 for higher education employees, and effective September 1, 2006 for general government employees.

Employee Health Benefit Changes (\$118.8 Million General Fund-State)

Funding is provided for increases in funding for general government and higher education employee health benefits. The increases fulfill the terms of the collective bargaining agreement completed between the Governor's Office of Labor Relations and the unions representing general government and higher education employees. The amount paid by agencies increases from \$584.58 per employee per month in fiscal year 2005 to \$663 per employee per month in fiscal year 2006. In fiscal year 2007, the amount agencies will pay for each represented employee increases to \$744 per month, and \$618 per month for each non-represented employee.

The Public Safety Employees Retirement System (\$4.4 Million General Fund-State)

Funding is provided to support the increased contributions needed to support the creation of the Public Safety Employees' Retirement System (PSERS) on July 1, 2006. PSERS provides a lower retirement age and early retirement enhancements on future years of service for state and local government employees currently in the Public Employees' Retirement System Plans 2 and 3 that specifically qualify for the PSERS, including state and county corrections officers, community corrections officers, liquor enforcement officers, state park rangers, and others.

SAVINGS/REDUCTIONS

Pension Funding Changes

Funding is provided for pension contribution rate changes consistent with changes to the gainsharing statutes. Funding is also provided to enable a phased-in schedule of contribution rate increases to provide moderated annual contribution rates for employers and employees to begin during the 2005-07 biennium, and carry through the 2007-09 biennium. Also, during the 2005-07 biennium, contributions are made towards the unfunded liability in PERS and TRS Plans 1 only if the state general fund revenue forecast exceeds the amount of revenues assumed in the general fund state budget. In the event that revenue exceeds the specified forecast, the State Actuary will recommend contribution rates for the unfunded liabilities that will be assessed all participating employers and funds. The contribution rates will have a general fund impact projected to equal one half of the general fund revenues in excess of the forecast.

GENERAL GOVERNMENT

Justice Information Network (\$684,000 PSEA-State)

Funding is provided for the Justice Information Network (JIN). This is a statewide network that enables agencies to share justice information; reduce redundant data collection and input; reduce paper exchanges; improve work flow; provide complete, timely, and accurate information to the justice community, and maintain security and privacy rights.

Small Agency Client Services

The Small Agency Initiative is a partnership between the Department of Information Services (DIS), Department of General Administration, and the Office of Financial Management. The initiative will continue its work to address the information technology (IT) technical, security, and facility requirements of small agencies. This will be addressed through the following strategies: IT technical/security and facility assessments; critical IT infrastructure equipment acquisition; and resource-sharing of IT infrastructure through co-location with larger agencies or migration to DIS centralized e-mail and server hosting services. These strategies will ultimately result in a more secure and functional information technology and facility environment for small agencies. Funding for all strategies will be developed and approved by the Small Agency Initiative.

Civil Legal Aid (\$3,000,000 Judicial Improvement Account)

Civil legal services are moved from the Department of Community Trade and Economic Development to the newly created Office of Civil Legal Aid. Increased funding is provided for indigent civil legal aid.

Minority Commission Enhancement (\$0.6 Million General Fund-State)

The Commission on African American Affairs, the Commission on Asian Pacific American Affairs, the Commission on Hispanic Affairs, and the Governor's Office of Indian Affairs are each provided additional staff to help address the issues of health, education, and economic policies as they relate to these communities.

Enhanced Radio Communications (381,000 Data Processing Revolving Account-Nonappropriated)

Enhanced radio communications will serve as a link between public safety and public service communications systems, permitting units from two or more different organizations (state and local government agencies) to interact with one another. The office will assist state agencies with migration to the Federal Communications Commission's mandated narrow band technology. Primary duties include assisting state and local governments in the migration to new frequencies, and determining/finding unused spectrum that will permit expansion of the planned statewide radio network.

Liquor Control Board Retail Business Plan (\$5.0 Million General Fund-State Increase)

Substitute House Bill 1379 requires the Liquor Control Board to open at least 20 stores on Sunday and monitor the outcome of these openings. Contract liquor stores will also have the option to open on Sunday. In addition, the Liquor Control Board is required to implement a plan of in-store merchandising, including point-of-sale advertising and merchandising of brands.

Outreach for Returning Veterans (\$25,000 General Fund-State)

Funding is provided for the development of a public service announcement outreach for veterans from Operation Iraqi Freedom and Operation Enduring Freedom.

Post Traumatic Stress Syndrome Counseling (\$170,000 General Fund-State)

The post-traumatic stress counseling program is expanded to address the needs of veterans returning from Iraq and Afghanistan.

Homeland Security (\$127.6 Million General Fund-Federal)

Funding is provided for Homeland Security based on recommendations from the Domestic Security Executive Group, the Committee on Homeland Security, and the federal government. Federal rules require that a minimum of 80 percent of these awards be passed through to local jurisdictions. The remaining 20 percent will be spent by state agencies on activities that support the Washington State Homeland Security Strategic Plan.

Life Insurance for National Guard Members (\$432,000 General Fund-State)

Funding is provided for the military department to reimburse active duty national guard members the cost of life insurance premiums for insurance purchased through the federal service members' group life insurance program. Reimbursements shall be made for premiums up to two hundred fifty thousand dollars in coverage and will be made only when national guard members are on active duty overseas.

Reduced Legislative Building Security (\$2,009,000 General Administrative Services Savings)

Eliminates the expanded security operations in the Legislative Building that began in January 2005, including perimeter security, entrance screening, and camera monitoring.

Base Realignment and Closure Assistance (\$150,000 General Fund-State)

Funding is provided for grants in support of military bases identified for closure on the federal base realignment and closure process.

Life Sciences (\$500,000 General Fund-State)

The Life Science Discovery Fund Authority is established to promote life sciences and related research to be conducted in Washington State. Funding is provided for a grant to the Authority to pay start-up costs.

Extraordinary Criminal Justice Cost (\$70,000 General Fund-State)

Funding is provided to assist Grant Count with extraordinary costs in a criminal justice case.

Center for Occupational Health (\$441,000 Medical Aid Account-State)

Additional contract dollars will expand the services provided to injured workers through the Centers of Occupational Health and Education (COHEs) in Spokane and Renton. In addition, two new areas of the state will be given the opportunity to begin the formation of their own COHEs. One hundred additional doctors will be trained in current medical treatments for injured workers and how to advocate for the return-to-work options for 2,100 injured workers. Fifty additional partner employers and 10 additional unions also will benefit from training. Services will be expanded to 12 additional counties near Spokane. Thirty to sixty hours of specialized workshops will be provided to doctors and nurses.

Trial Level Indigent Defense (\$2,260,000 Judicial Improvement Subaccount)

Funding is provided for trial level indigent defense.

Parent Representation in Dependency and Termination Cases (\$7,000,000 Judicial Improvement Subaccount)

The Office of Public Defense will expand implementation of the parents' representation program to provide indigent parents with effective legal advocacy in dependency and termination cases.

Help America Vote Act (\$27,000,000 Elections Account-Federal)

The Secretary of State has received \$47 million in federal Help America Vote Act (HAVA) funds to spend in the 2005-07 Biennium (\$20 million dollars carried forward from the 2003-05 Biennium and \$27 million dollars in new federal funds). The \$27 million dollars in new Title II HAVA federal funds are added to assist the state and counties in complying with HAVA requirements. HAVA distributes federal funds to help states administer federal elections.

Consumer Protection (\$1,566,000 General Fund-State)

Additional funding is provided to the Consumer Protection Division for consumer education and outreach, complaint resolution and mediation, and litigation.

2010 Olympics (\$300,000 Tourism Development and Promotion Account)

Transportation and security, cross-border immigration and customs, international trade and tourism, and business development are only a few areas requiring coordination for businesses and communities to benefit from this event. Funding is provided to allow the Department of Community, Trade, and Economic Development (CTED) to support the Governor's 2010 Olympics Task Force to develop and implement a strategic plan that captures the economic opportunities for Washington's communities and industries.

Methamphetamine Initiative (\$1,000,000 General Fund-State)

Funding is provided to Snohomish County for a law enforcement and treatment methamphetamine pilot program and to Pierce County for the extension of treatment alternatives and targeting the identification, arrest, and prosecution of perpetrators of methamphetamine-related crimes.

Homeless Housing Program (\$10.3 Million Homeless Housing Account)

Funding is provided for the Washington Homeless Housing Program. Under this program, the Department of Community, Trade, and Economic Development (DCTED) and other local governments which choose to participate, prepare and implement ten-year strategic plans to reduce homelessness within their jurisdiction by 50%. The Homeless Housing program is funded by a ten dollar surcharge on primarily real-estate related documents recorded by the county auditor. In addition to funding programs with the goal of reducing homelessness, a statewide homeless census will be coordinated annually by DCTED to count the number of homeless individuals in Washington and measure the state's progress towards achieving goals.

Master License System (\$389,000 Master License Account)

Funding is provided to convert master license service business licensing documents from a paper and microfilm system to an electronically imaged system. These documents are used by multiple agencies for over a hundred different license types. This technology change in sharing and accessing documents will have enterprise-wide benefits.

Government Performance and Accountability (\$5.0 Million General Fund-State)

Funding is provided for Engrossed Substitute House Bill 1064 to improve government performance and accountability. The bill creates a citizen advisory board that will work with the State Auditor on annual performance audits of state government. Performance audits are intended to be an objective and systematic assessment of a state agency or any of its programs, functions, or activities by an independent evaluator in order to help public officials improve efficiency, effectiveness, and accountability. Audited agencies are required to follow up and take corrective action on all performance audit findings and recommendations.

Performance Audits of Tax Preferences (\$735,000 General Fund-State)

Engrossed House Bill 1069 mandates periodic performance audits of tax preferences in order to determine if their continued existence will serve the public interest. The citizen commission for performance measurement of tax preferences is created to develop a schedule to accomplish an orderly review of tax preferences at least once every ten years. For each tax preference, the committee will provide a recommendation as to whether the tax preference should be continued without modification, modified, scheduled for a sunset review, or terminated immediately.

NATURAL RESOURCES

DEPARTMENT OF NATURAL RESOURCES

Trails and Recreation Sites (\$596,000 General Fund-State)

The Department of Natural Resources manages an estimated 250 miles of trails and 45 recreation sites on public lands with General Fund-State funds. This funding level will ensure that these trails and sites will be maintained and remain open for public use.

Shellfish Settlement (\$9 Million General Fund-State, \$2 Million Aquatic Lands Enhancement Account-State)

Funding is provided for Washington State to fulfill the terms of a U.S. District Court consent decree addressing implementation of tribal harvest of shellfish from tidelands used by commercial shellfish growers. This settlement will provide affected growers the exclusive, productive use of the private and leased tidelands that they have improved and cultivated for shellfish culture over the years. These funds are contingent upon a matching federal appropriation of \$22 million.

DEPARTMENT OF AGRICULTURE

Agriculture Market Access/Trade Barriers (\$1.0 Million General Fund-State)

Funding is provided to enhance the Department of Agriculture's market promotion and trade barrier grants program. Grants are provided to educate the public and promote Washington produce, improve access to foreign markets, develop and update data, and match buyers with sellers among other activities.

Hop Technology Initiative (\$1.5 Million General Fund-State)

Funding is provided to continue to research and develop new hop harvesting technologies and for associated pilot projects.

DEPARTMENT OF FISH AND WILDLIFE

Wild Salmon Monitoring (\$500,000 General Fund-State)

Funding is provided for monitoring listed wild salmonid populations statewide. Monitoring of the production of Puget Sound chinook, lower Columbia steelhead, upper Columbia steelhead, and chinook will continue with this funding.

PARKS & RECREATION

Build and Operate Cabins and Yurts (\$1.0 Million Parks Renewal & Stewardship Account)

Funding is provided for installing and operating cabins, yurts, and other rentable structures in parks across the state.

DEPARTMENT OF ECOLOGY

Clean-up Toxic Sites (\$9.0 Million State Toxics Account)

Funding is provided to increase the pace of cleaning up high priority toxic sites that present a risk to human health and the environment.

2005 Emergency Drought (\$1.8 Million Emergency Water Account-State)

On March 10, 2005, an emergency drought was declared by the Governor. Funding is provided for the Department of Ecology to issue emergency drought permits and expedite temporary water-rights transfers to reduce drought impacts on irrigators, municipalities and fish populations.

Oil Spill Early Action & Prevention (\$1.6 Million Oil Spill Prevention Account-State)

In response to the October 14, 2004, Dalco Passage Puget Sound oil spill, the Oil Spill Early Action Task Force was formed to explore possible improvements to prepare and respond to oil spills. Funding is provided to implement task force recommendations.

Reduce Persistent Bioaccumulative Toxins (PBTs) in the Environment (\$852,000 General Fund-State)

The Department of Ecology will complete the Polybrominated Diphenyl Ethers (PBDE) chemical action plan, monitor for mercury in fish, and continue implementing the overall PBT strategy.

Columbia River Initiative (\$750,000 General Fund-State)

To meet the water needs of communities and rural areas along the main stem of the Columbia River, and to do so in a manner that reduces the risk to fish resulting from water withdrawals, funding is provided to negotiate agreements to secure water for the main stem of the Columbia River and to investigate the impacts on fish from a change in the water storage in Lake Roosevelt.

PUGET SOUND ACTION TEAM

Water Quality In Hood Canal (\$1.1 Million General Fund-State, \$2.0 Million Aquatic Lands Enhancement Account-State)

In response to the low dissolved oxygen levels in Hood Canal and the resulting impacts on fish and shellfish, funding is provided to the Puget Sound Action Team for education and public involvement, keeping salmon carcasses out to Hood Canal, and to continue research and demonstration projects to decrease impacts to the Canal from septic systems. Of this amount the Department of Health is provided with \$1.3 million, which will be used by local health jurisdictions to develop and implement management plans and data systems and to assure that septic systems are inventoried, monitored and maintained.

2005-07 Budget
House Chair
Near General Fund - State
(Dollars in Thousands)

K-12 Education

Special Education Funding	54,400
Expand LAP	30,061
Levy Equalization	-34,006
Eliminate Readiness to Learn	-7,188
SPI Technology	1,900
Reading Foundation	520
School Bus Depreciation	-6,482
Assessment System	3,155
Science WASL	4,471
Other	77
K-12 Education Total	46,908

Higher Ed

General Enrollments	93,876
Veterinary Medicine	1,521
State Need Grant	33,570
Promise Scholarship	-277
Other Financial Aid	4,277
M&O on Recent Buildings	7,179
Maintenance & Operations Shift	-14,999
Research	250
Life Science	500
Adult Basic Ed	5,000
Faculty Increments	4,500
Part-Time Faculty Equity	4,500
Lower Division Planning Funds	550
Other	-428
Higher Ed Total	140,019

Health Care

Medicaid Eligibility Reviews	32,650
Patients Requiring Review	-5,334
Drug Co-Pay	-8,159
Transportation Co-Pay	-5,367
Contract Out Drug Rebate Collection	-6,768
IGT Design	-47,163
Children's Health Program	7,878
MAA Forecast	322
Children's Health Premiums	8,753
Other MAA	-6,383
Non-Medicaid Services-Community	70,000
Mental Hlth Forensic Services	6,951
Mental Health - Other	1,547
Drug/MH Integration	5,045
Expand Preventive Svcs	-6,091

2005-07 Budget
House Chair
Near General Fund - State
(Dollars in Thousands)

Local Public Health Funding	48,000
Prescription Purchasing Consortium	391
Small Business Assist Program	630
Lease, Med Inflation and Equip Red	-4,512
Other	1,655
Health Care Total	94,045
Childrens, Long Term Care & DD	
Childrens: Enhance Child Welfare SVCS	5,800
LTC: NH Rates	4,470
Increase Personal Needs Allowance	1,390
Farmers Market Nutrition	682
Reduce AAA Funding	-2,828
Estate Recovery	-4,799
Fircrest School	-1,236
DD Other	10,374
Childrens: Kids Come First	8,500
Childrens: IT Infrastructure	5,282
Childrens: Elim. Secure CRCs	-9,344
Childrens: Other	503
Reduce/Elim Family Policy Council	-6,596
Lease, Med Inflation and Equip Red	-2,299
Other	4,712
Childrens, Long Term Care & DD Total	14,611
Other Human Services	
GAU	-18,010
LEP Services Enhancement	1,500
Naturalization Services	1,000
Maintain WorkFirst Program	15,000
DOC: Sentencing & Supervision	-34,961
Delay Opening of New Units	-7,385
DOC: OMNI Computer System	22,500
DOC: Other	-9,065
JRA	-1,269
Increase ECEAP	5,400
Reduce DSHS Regional Staff	-5,614
Lease, Med Inflation and Equip Red	-3,190
Safe Mother, Safe Babies	1,760
Veterans' Programs	-380
Labor & Industries	5,290
Other	-1,507
Other Human Services Total	-28,931
Natural Resources	
DNR: Shellfish Settlement	9,000
DNR: Recreation	596
DNR: Other	-390

2005-07 Budget
House Chair
Near General Fund - State
(Dollars in Thousands)

Dept of Ecology	1,644
Fish & Wildlife	840
State Parks	1,693
Dept of Agriculture	3,988
Hood Canal Water Quality	1,100
Other	2,911
Natural Resources Total	21,382

Compensation

Pension Method Change	-325,690
COLA Rep. (G.G.)	86,672
COLA Rep. (H. Ed.)	21,108
COLA Non-Rep. (G.G)	32,653
COLA Non-Rep. (H. Ed.)	67,779
Salary Survey Non-Rep.	11,336
Classification Revisions	2,406
Hlth Benefits K12	129,149
Health Benefits (GG & H.Ed.)	120,496
Other	1,395
Compensation Total	147,304

Vendors including Homecare Workers

Home Care Workers (IPs)	31,303
Home Care Workers (APs)	4,943
MAA: Service Rate Increase	38,881
DSHS: Econ Svcs	9,673
DSHS: Mental Health	14,789
DSHS: Long Term Care	5,227
DSHS: DD	6,166
DSHS: Alcohol & Substance Abuse	4,114
DSHS: Childrens	5,955
DSHS: Juv Rehab	953
Corrections	972
CTED	792
Veterans' Affairs	15
OPD	485
CJTC	36
TVW	161
Vendors including Homecare Workers Total	124,465

All Other

Strategic Sourcing	-25,000
Middle Management	-20,724
Eliminate Double-Filled Positions	-4,000
Debt Service: 05-07 Cap Budget	27,200
Dependency & Termination Program	7,000
Expand Civil Legal Indigent Service	3,000
Trial Level Indigent Defense	1,260

2005-07 Budget
House Chair
Near General Fund - State
(Dollars in Thousands)

Justice Information Network	684
Crime Lab & DNA Costs	4,598
Consumer Protection Expansion	1,566
Attorney General	93
Eliminate INTEC	-968
CJTC	100
Emergency Food Assistance	1,700
GMAP	558
Other	<u>26,547</u>
All Other Total	23,614
Grand Total	<u><u>583,417</u></u>